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RHEHNSC/NSC WASHDC PRIORITY
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SIPDIS

SENSITIVE SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR WILLIAMS/SHAMPAINE/STEINGER; NSC FOR ABRAMS/DORAN/WATERS; TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON

E.O. 12958: N/A

TAGS: <u>ECON PREL PGOV ETRD KWBG IS</u>
SUBJECT: PALESTINIANS SEEK PROGRESS ON RAFAH/KEREM SHALOM
AMA IMPLEMENTATION

REF: JERUSALEM 4472

11. (SBU) Summary: ConGenoffs, accompanied by USSC, USAID and Embassy Tel Aviv representatives, met October 12 with Palestinian negotiators from the previous PA government who were involved in the negotiation of the Agreement on Access and Movement (AMA). The informal meeting, the second in a series of preliminary brainstorming discussions intended to reinvigorate AMA implementation efforts, focused exclusively on the Rafah and Kerem Shalom border crossings with Egypt. The Palestinian team pressed for Rafah to be open for Gazan exports into Egypt; GOI signature of the Customs Protocol; clearance of commercial cargo imports at Kerem Shalom by PA and Israeli customs inspectors; expansion of the categories of travelers able to use the Rafah passenger crossing; and regular access of the EU-BAM monitors to the Rafah crossing and of all parties to the Joint Liaison Office. End summary.

Rafah needs to open for exports

¶2. (SBU) The Palestinians, led by representatives of the PLO's Negotiations Support Unit (NSU) and including former PA Planning Minister Ghassan al-Khatib, raised the need for the export of goods from Gaza through the Rafah crossing. Except for a March 14 shipment of three truckloads of Palestinian goods for a trade show in Cairo, commercial cargo has not been exported through the Rafah crossing. The Palestinians noted Egyptian President Mubarak's positive comments to PA President Abbas on the subject and stressed that the flow of commercial cargo exports would be a significant boost to the Gazan economy. They urged the USG to press Cairo to send the necessary instructions to the Egyptian crossing at Rafah for the start of commercial exports, even if only for transit shipments through Egypt to third country destinations, using the March 14 arrangement.

Lack of signature on Customs Protocol; no clearance of commercial cargo imports

13. (SBU) The Palestinian team reminded USG representatives that the Kerem Shalom crossing, per the AMA, should be a temporary crossing for imports into Gaza from Egypt. Per the AMA, after 12 months of PA customs officials clearing incoming cargo at Kerem Shalom under the supervision of Israeli customs agents, a third party would review the PA's customs capacity and make a joint decision regarding future arrangements. The Palestinian team noted the GOI's refusal

to sign the Customs Protocol or to acknowledge via letter to the USG its applicability at the Rafah and Kerem Shalom crossings. As a result, there have been no commercial imports to Gaza via Kerem Shalom since the AMA was concluded. A Palestinian contractor working for the European Commission-funded ASYCUDA customs database implementation project said the Palestinian side had submitted a proposal on how to work at the Kerem Shalom crossing under the supervision of Israeli customs agents but had not received a response to date from the GOI. Though some humanitarian cargo has been cleared at Kerem Shalom by Israeli customs, Palestinian customs agents are not present and have not received any data on the humanitarian cargo clearances, according to the contractor.

Rafah -- successful passenger crossing but want broader use

14. (SBU) The Palestinian team noted that the EU-BAM has favorably commented on the Palestinian operation of the Rafah passenger border crossing, the only area in which the Palestinians have been given the opportunity to demonstrate their capability. The Palestinian team raised two proposals to expand operations at Rafah: (1) open the crossing to all travelers, possibly with a 48-hour notification period for non-Palestinian identity card holders, or (2) expand the categories of travelers able to use Rafah to include journalists and third country nationals of Palestinian heritage, who do not hold a Palestinian identity card. (Note: Per the AMA, only Palestinian identity card holders and the four categories of travelers requiring 48-hour pre-notification (diplomats, foreign representatives of recognized international organizations, investors, and humanitarian cases) can cross at Rafah. End note.) The NSU

advisors also highlighted the need for the GOI to provide the PA with complete information concerning Palestinian ID holders outside of the country, as called for in the AMA. They noted that they have examples of Palestinian ID holders who are not on the original list that the GOI shared with the PA. (Note: Israeli Coordinator of Government Activities in the Territories (COGAT) Major General Mishlev gave PA Civil Affairs Minister Dahlan a digital copy of the Palestinian population registry on November 24, 2005. The Palestinian side continues to note that the registry was not complete and they are aware of specific names that are not included on the registry but should be. End note.)

Access of EU-BAM monitors to Rafah and access by all to Joint Liaison Office

15. (SBU) The Palestinian team raised again the issue of access to the Rafah crossing by the EU-BAM monitors, noting that EU-BAM monitors can only access Rafah through the Kerem Shalom crossing that the GOI controls. Even if the EU-BAM monitors accessed Rafah through the Egyptian side, the Palestinian team noted that Israeli control of the Kerem Shalom crossing could prevent operations at the Joint Liaison Office (JLO) at Kerem Shalom. EconChief raised the possibility of a back-up JLO, should there be a problem with the main office at Kerem Shalom. The Palestinian team noted that there had been no discussion to date of a back-up site for the JLO. WALLES